

Risk management

Operational risk register

Quarter 1 – April to June 2023

Operational Risks

Operational risks that are those that are encountered in the delivery of services, and which affect service objectives. These risks are ordinarily managed as part of the usual course of management by services, including their business-as-usual activities and projects that are being delivered.

Where an operational risk cannot be managed within the service or if its score is outside of the Council's risk appetite, then it should be considered for inclusion in the operational risk register.

The Council's operational risks are detailed in below table:

<u>OR1</u>	<u>Price fluctuations in the recycling market</u>
<u>OR2</u>	<u>Resources and Waste strategy</u>
<u>OR3</u>	<u>Disaster recovery</u>
<u>OR4</u>	<u>Voluntary and community sector partner failure or distress</u>
<u>OR5</u>	<u>Contracts and procurement</u>
<u>OR6</u>	<u>Increase in the use of temporary emergency accommodation</u>
<u>OR7</u>	<u>Potential historic liabilities</u>
<u>OR8</u>	<u>Human Resources & Organisational Development</u>
<u>OR9</u>	<u>Elections Act 2022: Voter ID</u>
<u>OR10</u>	<u>Shortage of suitable emergency accommodation</u>

Overall Risk Score:

Risk is assessed via a robust process of risk identification and assessment, which evaluates the likelihood of the risk occurring and the impact should the risk come to pass.

The likelihood and impact scores are then combined to give an overall risk score. This is done by multiplying the likelihood score by the impact score.

The total risk score is then plotted on a scoring matrix to illustrate the risk scoring visually:

IMPACT						
Grave	(5)	5	10	15	20	25
Significant	(4)	4	8	12	16	20
Moderate	(3)	3	6	9	12	15
Minor	(2)	2	4	6	8	10
Almost none	(1)	1	2	3	4	5
LIKELIHOOD		(1)	(2)	(3)	(4)	(5)
		Rare	Unlikely	Possible	More than likely	Almost certain

Risk Treatment:

Avoidance	<p>Simply stop doing the activity that creates the risk, or elements therein. This may not be possible or desirable, however, particularly where the risk is unavoidable or arises from activity that the Council is obliged to undertake.</p> <p>Risk avoidance must also be balanced against the effect of doing so on the Council's objectives and how this reconciles with the wider risk appetite.</p>
Transfer	Transfer all or part of the risk. For example, to insurance or to other agencies/contractors.
Reduce	<p>Proactive action taken to reduce:</p> <ul style="list-style-type: none"> • The likelihood of the risk occurring by introducing control measures • The impact of the risk should it occur by introducing mitigating measures.
Accept	<p>Accept the risk and take no measures to reduce the likelihood and/or impact.</p> <p>This is not ordinarily a recommended course of action, though if the risk is outside of the Council's control it then it may be the only option available.</p>

RISK RATINGS

IMPACT						
Grave	5			OR3		
Significant	4			OR2		
Moderate	3		OR7 OR8	OR4 OR5 OR6 OR10		
Minor	2	OR9	OR1			
Almost none	1					
LIKELIHOOD		1	2	3	4	5
		Rare	Unlikely	Possible	More than likely	Almost certain

OR1	Price fluctuations in the recycling market	GREEN
Description	The Council receives income from the sale of recyclates. The market is international and volatile – price fluctuations can be sudden and result in a negative impact on the Council’s budget.	
Owners	Portfolio Holder: Cllr Avery	
	Officer: Morag Williams	
Controls	<p>Implemented Controls:</p> <p>The global recycling and commodities market is largely outside of the Council’s control.</p> <p>The Council has secured more advantageous terms through joint contracts with other local authorities for the processing of recyclates and is in contract for the sale of Dry Mixed Recyclate materials collected and is in contract for the sale of paper and card through to March 2024.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The current ongoing geopolitical situation has created increased volatility in the recycling market, thereby resulting in an increased demand and higher prices for the sale of recyclates.</p> <p>The majority of income that the Council receives from selling recyclates comes from the sale of cardboard, primarily sold to the UK paper market.</p> <p>As of latest reporting in June 2023 prices remain positive, with global demand still relatively high.</p> <p>Ongoing Mitigations:</p> <p>The Government’s proposed Deposit Return Scheme for plastics, cans and glass may impact upon the composition and value of the recycling streams the Council collects. The impact of this is uncertain at present.</p> <p><i>See the risk on the Waste and Resources Strategy (OR2) for further detail.</i></p>	
Inherent Score	AMBER (6)	Likelihood: 3 Impact: 2
Current Score	GREEN (4)	Likelihood: 2 Impact: 2
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	26 July 2023	

OR2	Resources and Waste Strategy		AMBER
Description	<p>The government's Resources and Waste Strategy has the potential to result in a significant change in the composition of the materials that the Council collects, as well as requiring the Council to introduce new and change existing services. This could result in adverse financial and service delivery implications. The ongoing uncertainty of the changes could necessitate delays in investment decisions as well as on service enhancements and future operating models. This could hold the service back as it awaits clarity to ensure that such decisions cohere with any statutory changes.</p>		
Owners	Portfolio Holder: Cllr Avery		
	Officer: Morag Williams		
Controls	<p>Implemented Controls:</p> <p>This risk is largely outside of the Council's direct control given that it is driven by national policy. However, the Council has responded to all consultations and liaised with partners in the Surrey Environmental Partnership to lobby central government. In 2020/21 the Council responded to the first and second consultations and voiced its concerns over the potential adverse implications if the strategy was adopted in its consultation form.</p> <p>Despite the uncertainty arising from the strategy's implementation status, the Council is exploring options for the future composition of its fleet, including alternatively fuelled vehicles.</p> <p>Ongoing Controls:</p> <p>The Council will continue to respond to all consultations and liaise with partners in the Surrey Environmental Partnership.</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Environment Bill passed into law in 2021. The Waste and Resources strategy has not yet resulted in any direct impacts on the Council as it is yet to be implemented in whole or in part. The Extended Produce Responsibility (EPR) scheme was recently delayed by the government.</p> <p>Ongoing Mitigations:</p> <p>Funding was announced for all English local authorities in 2021 to implement free food waste collection from all dwellings, with £295 million to be made available for this. The Council is awaiting confirmation of how this funding may be drawn upon and submit a bid when available.</p>		
Inherent Score	RED (16)	Likelihood: 4 Impact: 4	
Current Score	AMBER (12)	Likelihood: 3 Impact: 4	
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>		
Status	Reduce		
Last update	26 July 2023		

OR3	Disaster recovery	RED
Description	The Council has a robust backup and replication of the majority of key applications located at Earlswood Depot. However, the time required to invoke the systems in the event of loss of ICT services at the Town Hall is currently unknown. The disaster recovery solution is also not sufficient to meet the Council's current needs.	
Owners	Portfolio Holder: Cllr J. King	
	Officer: Darren Wray	
Controls	<p>Implemented Controls:</p> <p>Since the Covid-19 pandemic, there has been investment in improved network infrastructure and resilience, including increased cyber security capability and back-up solution size.</p> <p>The Council maintains business continuity plans to be used in the event of a business continuity incident.</p> <p>Ongoing Controls:</p> <p>Maintaining business continuity plans.</p> <p>Further improvements to the Council's cyber security resilience in accordance with the ICT strategy.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>Implementation of the new ICT strategy commenced in 2022/23. Procurement for the supplier of the new back-up and disaster recovery system has concluded, with a supplier now appointed.</p> <p>In the period before the new back-up and disaster recovery system becomes operational, plans are in place to utilise Earlswood Depot as the Council's recovery site should the existing system be invoked.</p> <p>Resilience has also been put in place via provision of uninterrupted power supply (UPS) at the Town Hall. This will keep the network powered for several hours in the event of any unexpected electricity loss at the Town Hall site.</p> <p>Ongoing Mitigations:</p> <p>Implementation of the new back-up and disaster recovery system is expected in quarter 3 and will significantly mitigate the impact of this risk.</p>	
Inherent Score	RED (20)	<i>Likelihood: 4 Impact: 5</i>
Current Score	RED (15)	<i>Likelihood: 3 Impact: 5</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	10 July 2023	

OR4	Voluntary and community sector partner failure or distress		AMBER
Description	<p>The UK economy is current facing a number of economic challenges creating an environment of uncertainty. This uncertain economic climate has placed additional pressures on some voluntary organisations across the borough. These organisations provide valuable support to the borough's residents, and the Council works closely in supporting them.</p> <p>The failure or distress of one of these organisations would negatively impact local residents reliant on their service. It may also create additional demand on Council services or similarly require the Council to step in and provide new areas of support.</p>		
Owners	Portfolio Holder: Cllr R. Ashford		
	Officer: Justine Chatfield		
Controls	<p>Implemented Controls:</p> <p>The economic factors affecting the local voluntary and community sector are largely outside of the Council's direct control.</p> <p>The Council regularly engages with our voluntary and community sector partners to understand the challenges they face, and to provide advice and support where possible.</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Council continues to work with our partners to identify and mitigate the key issues affecting them where possible and explore the available options to provide further support.</p> <p>The Council takes time to understand the needs and requirements of our community partners and help them identify solutions through guidance, support and providing structures to support these organisations.</p> <p>Ongoing Mitigations:</p> <p>The Council is in the process of drafting a new voluntary and community sector strategy.</p>		
Inherent Score	AMBER (12)	Likelihood: 4 Impact: 3	
Current Score	AMBER (9)	Likelihood: 3 Impact: 3	
Target Score	<p>AMBER</p> <p>Impact mitigated to a score of 3 or below AND</p> <p>Likelihood controlled to a score of 2 or below</p>		
Status	Reduce		
Last update	26 July 2023		

OR5	Contracts and procurement	AMBER
Description	A recent internal procurement report has highlighted issues with the Council's approach to procurement, including a lack of strategic oversight which may result in compliance and contractual performance issues.	
Owner	Portfolio Holder: Cllr Lewanski	
	Officer: Joyce Hamilton	
Controls	<p>Implemented Controls: A procurement and contract management improvement programme has been formed to control this risk. Procurement business as usual is being managed and a new target operating model has been defined, including the identification and acquisition of necessary resources.</p> <p>Ongoing Controls: The scoping and discovery phase of the improvement programme completed in Q1 2023/24. The next phase of the improvement programme will implement and strengthen a full range of procurement related controls, including an accurate and complete contracts register, a new procurement strategy and a procurement forward plan. New approaches to contract management will also be implemented to ensure compliance with all statutory requirements, such as data protection and information governance. As part of improvement activities, in Q1 the council recruited an interim Procurement Improvement Advisor. Their key responsibility will be reviewing and shedding risk elements currently part of the contracts and procurement process. The internal audit report made 8 observations which the Council will address as part of the improvement programme.</p>	
Mitigating actions/progress	<p>Implemented Mitigations: The improvement programme has identified interim resource to maintain the Council's BAU procurement function whilst also implementing a new strategic approach.</p> <p>Ongoing Mitigations: Key deliverables of the programme are planned to be in place within the next six months, with further iterations as appropriate while they embedded carrying through into 2024/25.</p>	
Inherent Score	AMBER (12)	<i>Likelihood:4 Impact: 3</i>
Current Score	AMBER (9)	<i>Likelihood:3 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	20 July 2023	

OR6	Increase in the use of emergency accommodation	AMBER
Description	<p>Homelessness applications, cases are becoming more complex, time consuming and requiring longer stays in emergency accommodation.</p> <p>If this trend of increased emergency accommodation use continues, it could result in negative budget implications for the Council. These pressures have thus far been mitigated by grants from central government. However, these grants are often temporary and announced at short notice, making reliance upon them difficult.</p>	
Owner	<p>Portfolio Holder: Cllr Neame</p> <p>Officer: Richard Robinson</p>	
Controls	<p>Implemented Controls:</p> <p>The Council's homelessness service is fully compliant with the Homelessness Reduction Act (2018). This includes a significant focus on preventing homelessness in the first place, thereby reducing the demand for emergency accommodation.</p> <p>The Council is continuing to administer the Household Support Fund to help prevent homelessness through the provision of rent in advance and deposits to secure new tenancies, as well as paying rental arrears in some cases. This funding is confirmed through to 2025.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>Budgets are continually reviewed to ensure the impact on the Council is mitigated. This includes applying for government grants to support the service as these become available.</p> <p>The Homelessness Prevention Grant reserves may also be used to offset any revenue budget pressures.</p> <p>A new pilot scheme was approved by the Executive Committee in Q4 2022/23. This scheme offers social tenants, in the borough, that are currently under-occupying their tenancy the opportunity and assistance to downsize into a smaller property. The upshot of this is that larger social housing premises are becoming available for families to occupy.</p> <p>Ongoing Mitigations:</p> <p>The Housing service has developed a proposal for the purchase of additional Council owned and operated temporary emergency accommodation to reduce budget pressures from the use of third-party accommodation. In Q1 2023/24, securing these accommodation units has commenced, with some offers already completed and accepted on a number of local properties.</p> <p>The recent challenging economic conditions, especially for private renters, and additional challenges stemming from a vulnerable migrant cohort have placed additional strains on the service. In response the Housing service is to increase its resourcing to assist with the increasing number/complexity of approaches and elevated levels of those in emergency temporary accommodation.</p>	
Inherent Score	RED (16)	Likelihood: 4 Impact: 4
Current Score	AMBER (9)	Likelihood: 3 Impact: 3
Target Score	<p>AMBER</p> <p><i>Likelihood to be controlled to a score of 2 or below AND Impact to be mitigated to a score or 3 or below</i></p>	
Status	Reduce	
Last update	4 August 2023	

OR7	Potential historic liabilities	AMBER
Description	<p>There may be several (albeit unrelated) potential current and historic liabilities facing the Council in respect of pensionable pay and holiday entitlements.</p> <p>The Council is seeking advice from counsel on the scope of any retrospective liabilities and the Council's responsibilities therein. System processes will be amended where appropriate.</p> <p>There is a risk that the Council could face significant historic liabilities and financial consequences.</p>	
Owners	<p>Portfolio Holder: Cllr Lewanski</p> <p>Officers: Kate Brown and Pat Main</p>	
Controls	<p>Implemented Controls:</p> <p>The Council has a robust process in place to ensure future compliance with all relevant obligations.</p> <p>An investigation of historic liabilities has concluded.</p> <p>Advice has been sought from counsel and specialist advisors.</p> <p>Appropriate approvals have been secured to act or to accept these risks when the impacts have been scoped and advice received.</p> <p>Ongoing Controls:</p> <p>The Council will ensure compliance with all relevant regulations or guidance</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>Advice has been received from legal counsel and a pensions expert. This advice has been reviewed and options considered.</p> <p>The outcome of the exercise has resulted significant volume of analysis work which may require support from external resources. Progress will be overseen by the Corporate Pay Board. The work undertaken to date has reduced some of the uncertainty faced by the Council in this area.</p> <p>Completion of scoping activities is expected to allow a decision to be made on how to proceed.</p> <p>Ongoing Mitigations:</p> <p>The Council's response has been approved by the Corporate Pay Board, with implementation of response actions commencing in Q1 of 2023/24 and continuing into Q2.</p>	
Inherent Score	RED (20)	<i>Likelihood: 5 Impact: 4</i>
Current Score	AMBER (6)	<i>Likelihood: 2 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or less</i>	
Status	Reduce	
Last update	4 August 2023	

OR8	Human Resources & Organisational Development		AMBER
Description	<p>A resilient and high-performing Human Resources (HR) and Organisational Development (OD) service is key to the delivery of the Council's objectives.</p> <p>Following recent capacity issues, the HR service has implemented a restructure, with temporary resource acquired.</p> <p>Whilst a service development and improvement plan for HR and OD is taking shape via the strategy and a revised Service Delivery Model. While the model is being implemented, the Council will be making use of temporary and fixed term resource. There are concerns that high levels of temporary resource in the service area may lead to uncertainty with ongoing service delivery and institutional knowledge. This may have adverse an impact on the organisation, particularly in regard to recruiting, developing, and retaining a skilled workforce.</p>		
Owners	<p>Portfolio Holder: Cllr Lewanski</p> <p>Officer: Kate Brown</p>		
Controls	<p>Implemented Controls:</p> <p>Approval and acquisition of interim resource with drafting and implementing the new service delivery model.</p> <p>All temporary resource is given full and appropriate training before commencing their respective work.</p> <p>Regular updates to the Senior Management Team and Portfolio Holder.</p> <p>Resource and workload planning.</p> <p>Understanding of the Council's resource requirements for ongoing service delivery.</p> <p>Ongoing Controls:</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The implementation of the HR and OD strategy continues to progress with the draft strategy going to the Employment Committee in Q1 of 23/24. The strategy will support the Council's financial sustainability objectives.</p> <p>The strategy is provides the background context and identifies long term recommendations for the resourcing of the service area. A HR team away day was held in Q4 which ran through the implementation of the key elements of the strategy, business model and structure.</p> <p>Ongoing Mitigations:</p> <p>The HR and OD service area is currently facing challenges stemming from a higher level of staff turnover in 2022/23. The council is working with the Local Government Association who will support the Council with recommendations and initiatives to ensure attraction and retention of staff while maintaining financial sustainability.</p>		
Inherent Score	RED (16)	<i>Likelihood: 4</i> <i>Impact: 4</i>	
Current Score	AMBER (6)	<i>Likelihood: 2</i> <i>Impact: 3</i>	
Target Score	GREEN <i>Impact mitigated to a score of 2 or less</i>		
Status	Reduce		
Last update	2 May 2023		

OR9	Elections Act 2022: Voter ID		GREEN
Description	<p>The Elections Act 2022 contains various proposals which will significantly impact on how all elections are conducted in the UK. Of key import is the requirement to show photo ID and requirement for Electoral Registration Officers (ERO), based in Local Authorities, to issue free voter identification to residents with no other valid ID.</p> <p>There is significant complexity involved in introducing photo ID with high resource requirements by EROs to provide ID to those with no other identification.</p> <p>Failure to implement the provisions may result in potential disenfranchisement of voters, loss of confidence in the election results, and legal challenges / election petition carrying significant reputational risks and financial liabilities.</p>		
Owners	Portfolio Holder: Cllr Lewanski		
	Officers: Mari Roberts-Wood, Joyce Hamilton, Alex Vine		
Controls	<p>Implemented Controls:</p> <p>The Elections Project Board maintains its own detailed risk register and it is subject to regular review and update.</p> <p>Regular engagement with partners to understand the implications and expectations, including the DLUHC, Association of Electoral Administrators (AEA) and the Electoral Commission.</p> <p>Section 31 funding to fund the purchase of new equipment necessary for the delivery of Voter ID.</p> <p>Ongoing Controls:</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The elections team has reviewed the secondary legislation and the Electoral Commission guidance.</p> <p>Training for staff preparation for May local elections and other potential elections in the future.</p> <p>The May local elections have now successfully completed, with no significant concerns regarding the integrity of the elections since the introduction of voter ID.</p> <p>With Voter ID now successfully implemented across the borough for future elections, the key concerns of this risk are now largely mitigated.</p> <p>Ongoing Mitigations:</p> <p><u>Recommendation:</u> While there are other pieces of the Elections Act that still need to be implemented, the key concerns regarding Voter ID have now been addressed and any residual risk can be managed under Business-as-usual arrangements. For these reasons, this risk is recommended for closure in Q1 2023/24 reporting.</p>		
Inherent Score	AMBER (9)	Likelihood: 3 Impact: 3	
Current Score	GREEN (2)	Likelihood: 1 Impact: 2	
Target Score	GREEN Likelihood controlled to a score of 2 or less AND Impact mitigated to a score of 2 or less		
Status	Reduce		
Last update	27 July 2023		

OR10	Shortage of suitable emergency accommodation	AMBER
Description	<p>The Council has a statutory duty to provide suitable emergency accommodation for most homeless households that include children, or expectant mothers.</p> <p>Emergency accommodation can only be provided for up to 5 families with children in a shared facility setting for a maximum of 6 weeks or longer before having to secure self-contained accommodation.</p> <p>The Council is currently experiencing a shortage of available 'nightly paid' self-contained accommodation. If the Council is found to have breached this statutory requirement the Local Government & Social Care Ombudsman can find 'maladministration' and may recommend payment of £50-£150 per week to the applicant from the Council.</p>	
Owners	Portfolio Holder: Cllr Neame	
	Officer: Richard Robinson	
Controls	<p>Implemented Controls:</p> <p>The Housing service has developed a proposal for the purchase of additional Council owned and operated temporary emergency accommodation to reduce budget pressures from the use of third-party accommodation.</p> <p>In Q1 2023/24, the process of securing these accommodation units has now commenced, with some offers already completed and accepted on a number of local properties.</p> <p>Flexibility has been built into the service to ensure that there is always appropriate resource to support the securing of emergency accommodation.</p> <p>Ongoing Controls:</p> <p>A pilot scheme was approved by the Executive Committee that offers social tenants, in the borough, that are currently under-occupying their tenancy the opportunity and assistance to downsize into a smaller property. This would make larger local social housing premises available to families reducing the need for emergency accommodation.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The DLUHC have indicated their intention to make use of a 'bed and breakfast elimination strategy' in the event that families are held in a shared facility for longer than the 6-week maximum.</p> <p>In the event that this length of time is exceeded, the DLUHC would intervene and limit the Council's ability to make use of B&Bs as temporary emergency accommodation to ensure that families are placed within appropriate self-contained accommodation.</p>	
Inherent Score	RED (16)	Likelihood: 4 Impact: 4
Current Score	AMBER (9)	Likelihood: 3 Impact: 3
Target Score	AMBER Likelihood Controlled to a Score of 2 or less AND Impact mitigated to a score of 3 or less	
Status	Reduce	
Last update	20 July 2023	